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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 3, 2001

PETITION OF

SINGLE SOURCE OF VIRGINIA,
INCORPORATED

CASE NO. PUC000153
(Formerly Case No. PUC980140)

For an extension of time
by which audited financial
statements are to be provided

ORDER ON MOTION

On November 25, 1998, the State Corporation Commission ("Commission") issued its Final Order granting Single Source of Virginia, Incorporated ("SSVA" or "the Company") a certificate of public convenience and necessity to provide local exchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules") (20 VAC §-400-180 et seq.), § 56-265.4:4 of the Code of Virginia, and the provisions of that Order. Among other things, the November 25, 1998 Order denied SSVA's application for a permanent waiver of Local Rule § 5.A.4 (20 VAC 5-400-180 E 1 d) and required the Company to file audited financial statements for either itself or its parent, East Cost Communications, Inc.

("East Coast"), with the Staff no later than one year from the effective date of the Company's initial tariff.¹

On June 2, 2000, SSVA, by counsel, filed a Petition, docketed as Case No. PUC000153, requesting an extension of time by which audited financial statements were to be provided to the Staff. In its June 2, 2000, Petition, the Company represented that the effective date of SSVA's initial tariff was July 19, 1999, and that the Company did not begin to serve Virginia customers until January 1, 2000. SSVA Petition at 1. The Company represented that it and its affiliates were privately held companies and "do not, in the ordinary course of business, have prepared audited financial statements." The Company anticipated that it could "provide audited financial statements by July 19, 2001," and requested that the Commission extend the date to July 19, 2001, by which it was to provide audited financial statements to the Staff. SSVA Petition at 2.

On June 8, 2000, we entered an Order granting SSVA's Petition and extended the date by which the Company must begin to file audited financial statements for itself or its parent, East Coast, with the Staff to July 19, 2001. The captioned docket was left open to receive written confirmation that the Company had filed audited financial statements with the Staff.

¹ Application of Single Source of Virginia, Incorporated, For a certificate of public convenience and necessity to provide local exchange telecommunications services, Case No. PUC980140, 1998 S.C.C. Ann. Rept. at 306.

SSVA did not file audited financial statements with the Staff on July 19, 2001, as ordered. Instead, on August 1, 2001, it filed a Motion requesting a permanent waiver of the condition that it provide audited financial statements to the Staff. Contrary to its earlier assertion that "it anticipated" it could provide audited financial statements by July 19, 2001, it now says that

[n]either the Company nor its affiliates will, in the foreseeable future, be in the position in which they are required to provide audited financial statements. Audited financial statements are extremely expensive, and Single Source of Virginia, Incorporated believes it is in its customers' best interests if funds are spent to continue to provide excellent service, rather than to pay an independent certified public accountant to prepare audited financial statements.

SSVA Motion at 2.

The Company provided unaudited financial statements for the year ending December 31, 2000, that it filed as confidential information with its August 1, 2001, Motion. SSVA maintains that the Company has sufficient income and assets to continue to provide local exchange services to Virginia customers. While the Company has requested a waiver of the condition that it be required to file audited financial statements, as alternative relief, it asks that the Commission extend the date to July 19,

2006, by which it may provide audited financial statements to the Staff. SSVa Motion at 3.

UPON CONSIDERATION of the Company's Motion, we note that § 56-265.4:4 of the Code of Virginia permits us to require an applicant for a certificate of public convenience and necessity to furnish local exchange telephone service to demonstrate its technical, financial, and managerial fitness to provide local exchange services. In addition, the statute requires the Commission, before granting any such certificate, among other things, to consider whether its action reasonably assures the continuation of quality local exchange telephone service and to find that the grant of a certificate "will not unreasonably prejudice or disadvantage any class of telephone company customers or telephone service providers, including the new entrant and any incumbent local exchange telephone company, and is in the public interest."

We adopted rules governing the offering of competitive local exchange telephone service in Case No. PUC950018.² In granting certificates to applicants to provide local exchange telecommunications services, under these Rules, we have, with one exception, required all applicants to provide audited

² Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of investigating local exchange telephone competition, including adopting rules pursuant to Virginia Code § 56-265.4:4.C.3, Case No. PUC950018, 1995 S.C.C. Ann. Rept. 249.

financial statements on a continuing basis to the Division of Economics and Finance as a condition of certification. The sole exception involved an applicant for a certificate for local exchange telecommunications services that proposed to provide the resale of local exchange telecommunications services in Northern Virginia rather than throughout Virginia.³

SSVA's Motion raises issues of concern to us in light of the Company's earlier representations that it would file audited financial statements by July 19, 2001, and in light of the fact that other similarly situated applicants have complied with the requirements of the Commission's Local Rules. Therefore, we will direct our Staff to investigate the Company's request and determine what, if anything, has changed since we initially denied SSVA's request for a permanent waiver of Local Rule 20 VAC 5-400-180 E 1 d.

Further, we will direct the Staff to file its response to SSVA's Motion by August 31, 2001, and will permit SSVA to file a reply to the Staff's response by September 14, 2001. We will also require SSVA to respond to the Staff's interrogatories or requests for the production of documents within seven (7) calendar days of the receipt of the same.

³ Application of Stickdog Telecom, Inc., For certificates of public convenience and necessity to provide local exchange telecommunications services, Case No. PUC970050, 1997 S.C.C. Ann. Rept. 287.

Accordingly, IT IS ORDERED THAT:

(1) The Staff shall file a response to SSVA's August 1, 2001, Motion by August 31, 2001. This response shall address any changes in circumstances that may have occurred since the Commission issued its Final Order in Case No. PUC980140.

(2) SSVA shall respond to written interrogatories within seven (7) calendar days after the receipt of same. Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq.

(3) On or before September 14, 2001, the Company may file with the Clerk of the Commission its reply, if any, to the Staff's response.

(4) This matter shall be continued, pending further order of the Commission.